



Tobacco Control Capacity Programme

Stakeholder Engagement Meeting | 26 December 2021



Estimating the magnitude of Illicit Cigarette sold as retail in Bangladesh: Findings from Retail Pack Survey

Professor Rumana Huque, S M Abdullah, Nahian Azad Shashi, Professor Linda Bauld, Professor Hana Ross, Professor Anna Gilmore, Rijo M John, Fiona Dobbie and Professor Kamran Siddiqi



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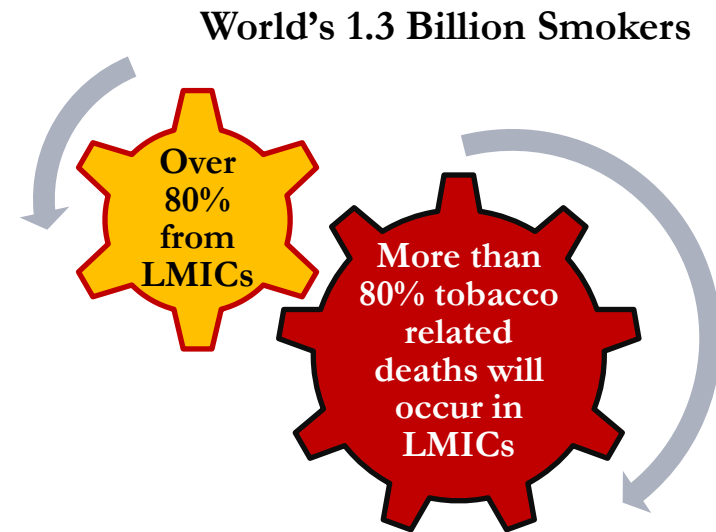
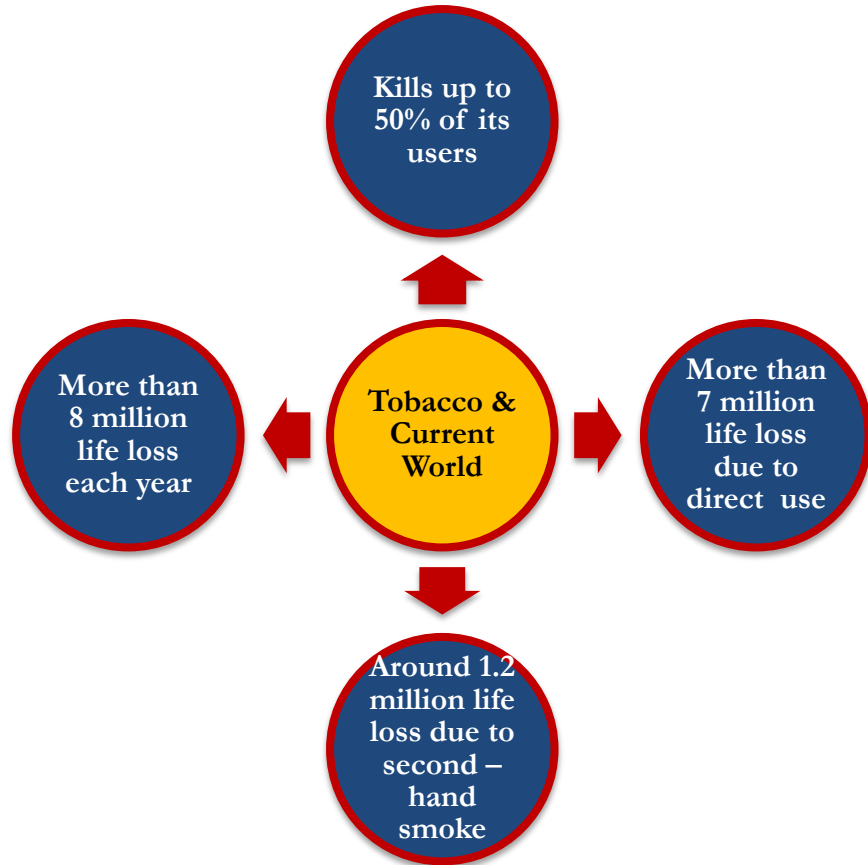
❖ Magnitude of Illicit: District and Border Status

❖ Magnitude of Illicit: Geographic Location and Price Segment

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Future of World with Tobacco?



Source: <http://www.who.int/news-room/fact-sheets/detail/tobacco>
<http://ukctas.net/TCCP-GCRF.html>



How to Intervene for Controlling Tobacco?

"Building capacity for applied research to reduce tobacco-related harm in low and middle income countries"

Global Challenges Research Fund (GCRF)

15 Partners

Tobacco Control Capacity Programme (TCCP)

8 Countries

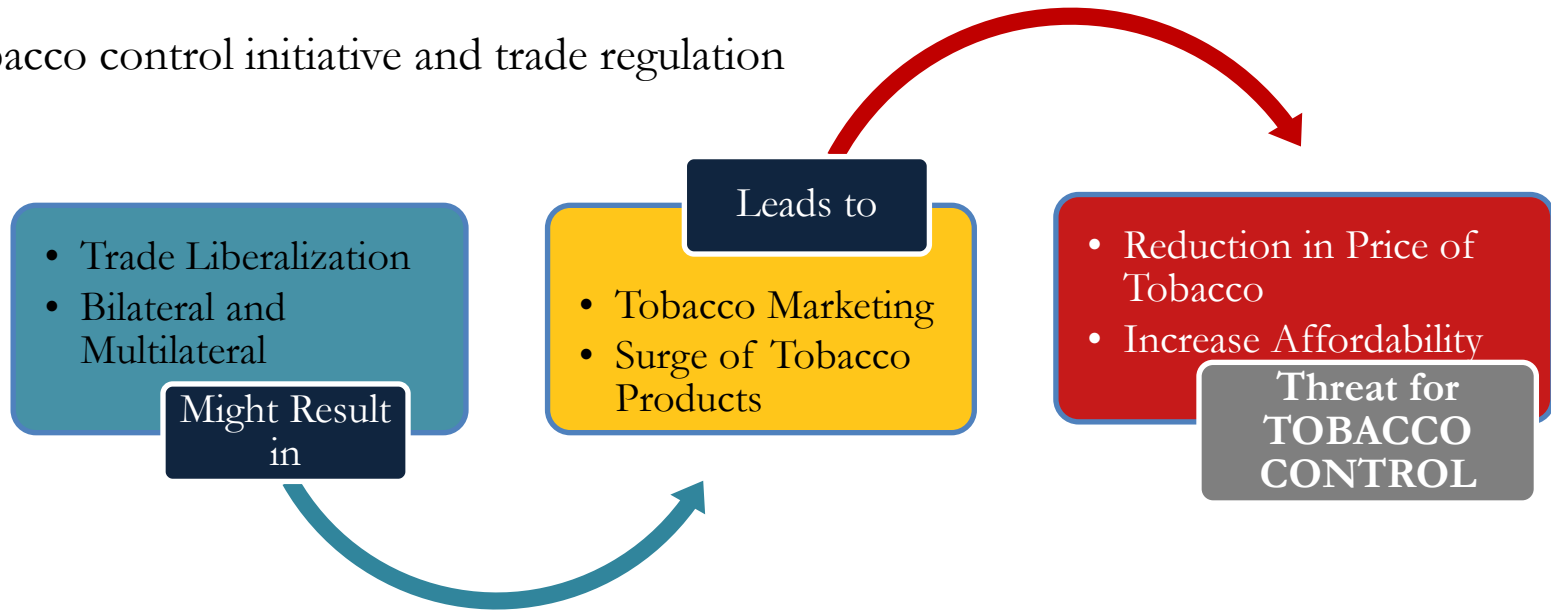


Source: <http://ukctas.net/TCCP-GCRF.html>



Trade & Tobacco Control

☐ Tobacco control initiative and trade regulation



○ This effect of liberalization on consumption is more prominent in Low and Middle Income Countries (LMIC) than their high income counterparts (Taylor et al., 2000, Bettcher et al., 2001)

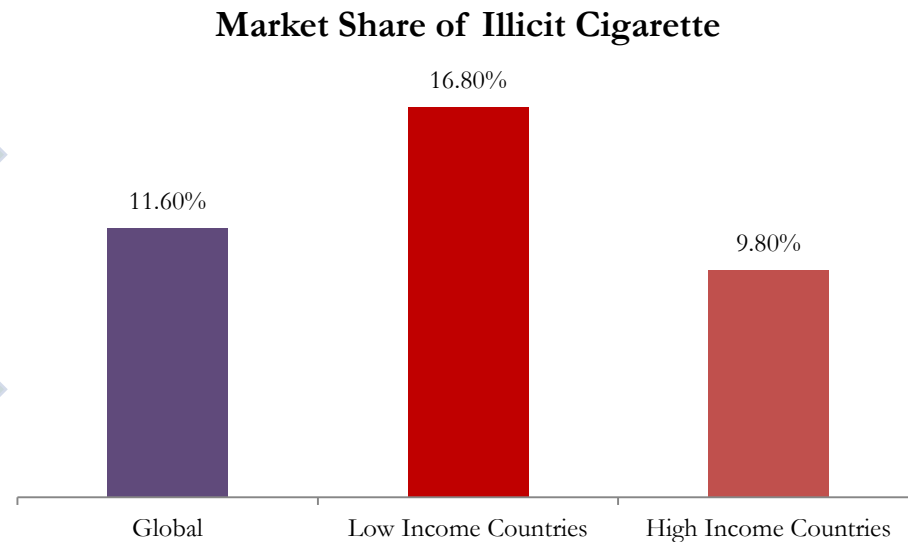
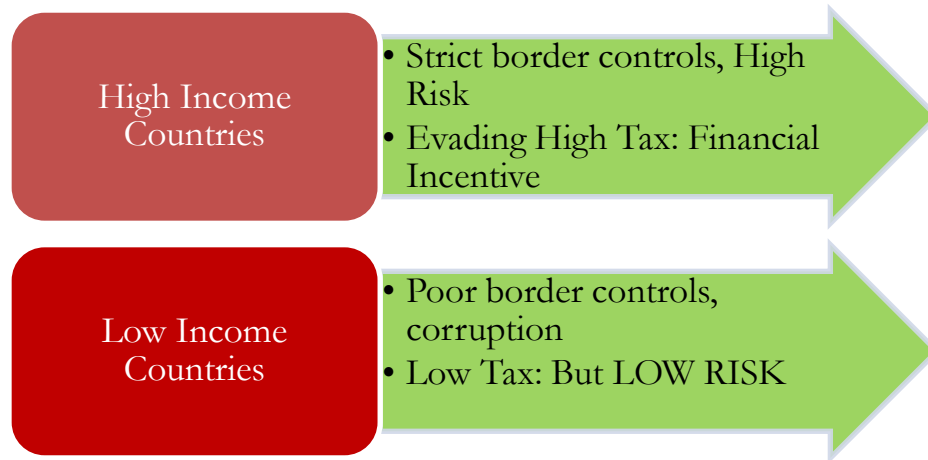
Since ILLICIT TRADE also increases the easy accessibility of tobacco products, its extent therefore possesses a complex and pressing challenge for the effective control of tobacco in any country.

Illicit Trade: Conceptualization

□ All **Misc.** activities related to tobacco which are not legal:

- **M** – Manufacturing Illegally
- **I** – Illegal (Production, Shipment, receipt, possession, distribution, sale or purchase)
- **S** – Smuggling & Bootlegging
- **C** – Counterfeit

The primary purpose is to EVADE TAX

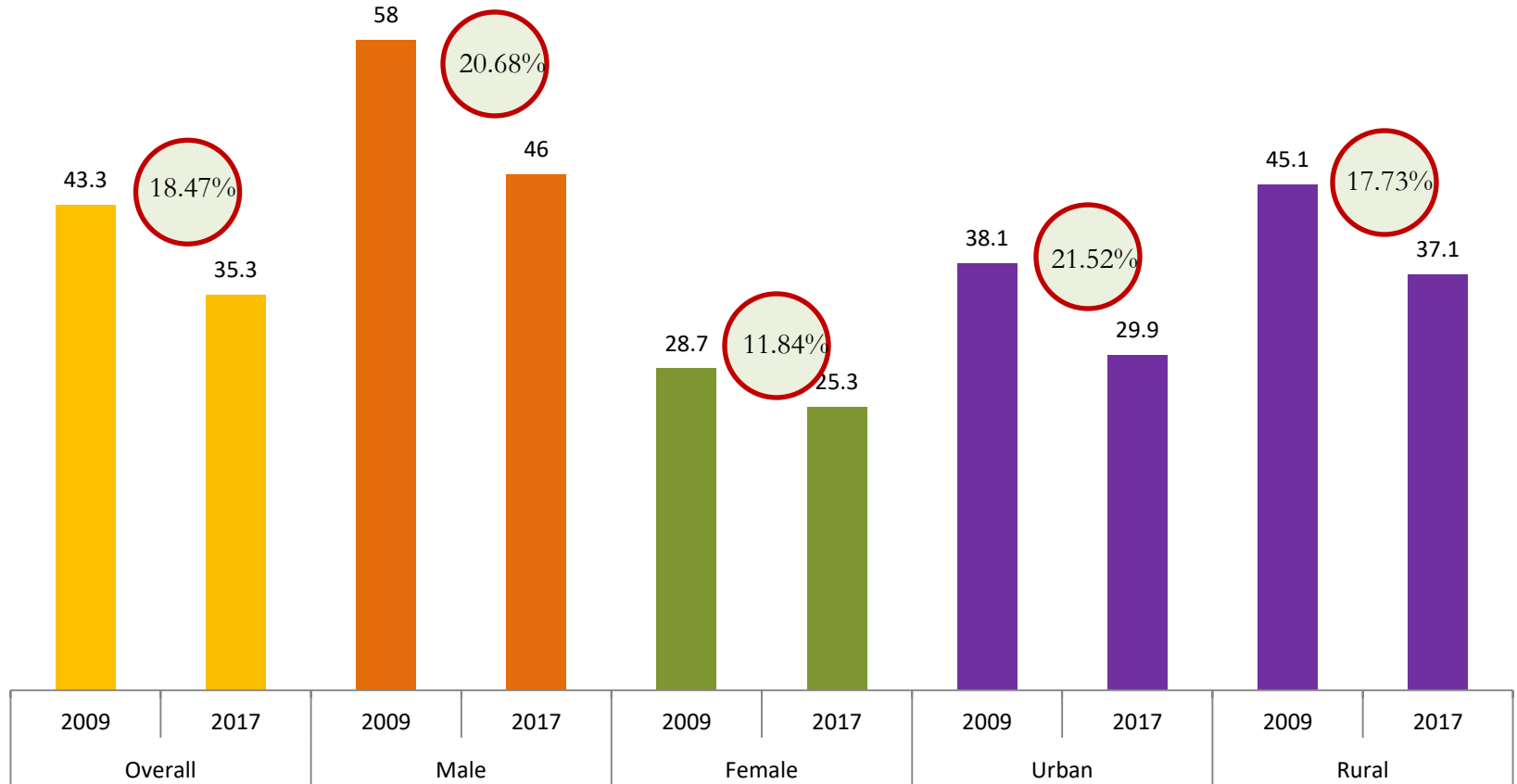


An estimate based on data from 84 countries showed that their governments loose approximately 40.5 billion USD per year due to illicit cigarette trade

Source: Joossens, L., Merriman, D., Ross, H. & Raw, M (2010)



Bangladesh & Tobacco Consumption



Source: GATS 2017, Comparison Fact Sheet, Bangladesh



Bangladesh: Observation

- ❖ All “Gs” are different in prevalence reduction rate.
- ❖ High affordability in lower brands
- ❖ Domestic cultivation and production are on the increasing side
- ❖ High legal tax on tobacco – incentive to evade tax
- ❖ Large land boarder with neighboring countries – less control – less risk – incentive to evade tax

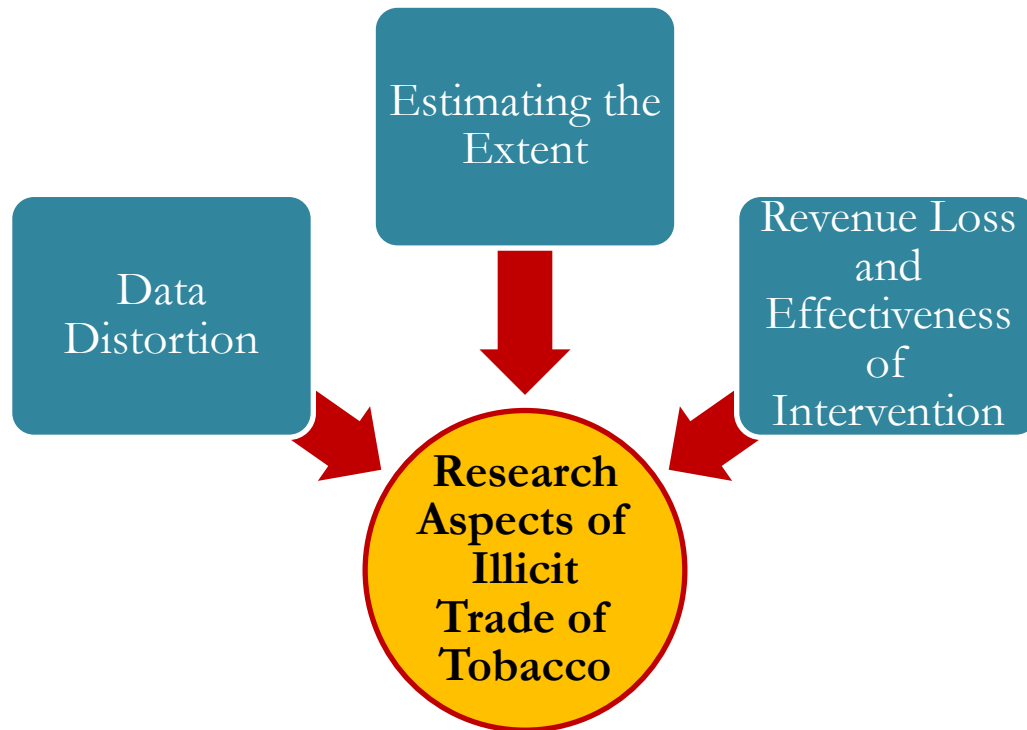
Therefore, presence and magnitude of illicit trade along with internal production will throw the tobacco control initiatives of the country into fire

Is there any research on illicit trade scenario of Bangladesh?



Existing Research: Where, When and What?

- ❖ Research on illicit trade of tobacco products has been documented well before the inception of ITT Protocol (2013).
- ❖ Over the last two and half decades, sizeable amount of literatures has been developed on illicit tobacco trade and consumption casing its different aspects.
- ❖ The volume of literatures is skewed to the high and upper middle income countries



Existing Research: Where, When and What?

❖ Extent of Illicit Trade:

Author/s	Year	Place
Joossens and Raw	1995	Europe
Merriman et. al	2000	United States and Canada

❖ Extent of Illicit Consumption:

Author/s	Year	Place
Shafey et al.	2002	Brazil
Joossen et al.	2010	Low Income Countries
Joossen et al.	2014	18 European Countries
Nguyen et al.	2014	Vietnam
Abola et al.	2014	Philippines
Ajmal et al.	2015	New Zealand
Iglesias et al.	2016	Brazil
Arevalo et al.	2016	Guatemala



Existing Research: Where, When and What?

❖ Revenue loss due to Illicit Trade:

Author/s	Year	Place
Lencucha and Callard	2011	12 Countries around the world
Ahsan et al.	2014	Indonesia

❖ Effectiveness of intervention:

Author/s	Year	Place
Kaplan et al.	2017	Turkey
Wherry et al.	2014	South Africa
Guthrie et al.	2015	New Zealand
Moodi et al.	2018	UK
Scollo et al.	2015	Australia
Joossens and Raw	2008	Italy, Spain and the UK
Ross et al.	2015	Brazil, Canada, Hungary, Italy, Malaysia, Romania, Spain, Turkey, UK and EU



Illicit Trade & Bangladesh: How much do we know?

- ❖ However, there has been no independent published evidence measuring the extent of illicit tobacco trade in Bangladesh.
- ❖ The difference in median price between legal and illicit packs as a percentage of the price of legal packs is 455% in Bangladesh (Brown et al. (2017))
- ❖ However, regarding illicit trade of tobacco in Bangladesh still now:

Magnitude of illicit tobacco trade

Pattern of illicit tobacco trade

Revenue loss for illicit tobacco trade

Determinants of illicit tobacco trade



Aim and Method

Following research questions was addressed:

- What proportion of cigarettes sold as retail in Bangladesh are illicit?
- What is the pattern of illicit in terms of Packaging Features?

Pack Source:

- Collecting packs from the cigarette retailers;
- Collecting discarded empty packs from the street;

Pack Analysis: Following characteristics of cigarette packs was examined,

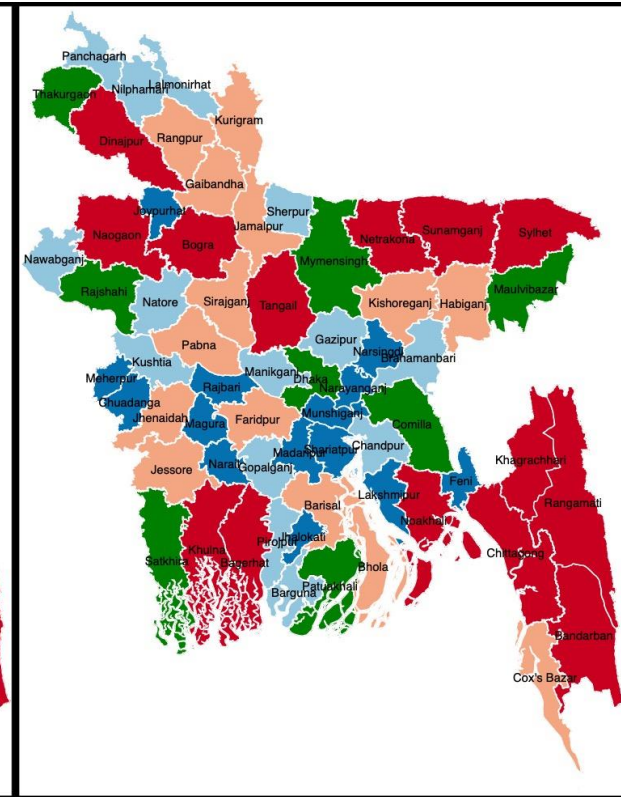
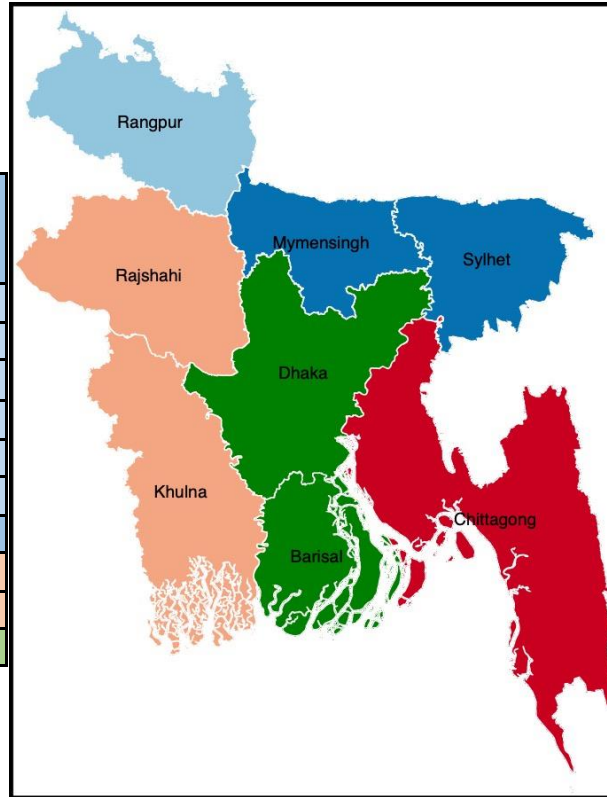
- no mention of retail price
- mention of brand element
- no and inappropriate graphic and textual health warnings
- no sells declaration
- contains a duty-free sign and
- absence of correct and authentic tax stamps

The above features of cigarette packs were deployed as indicators of being illicit.



Sampling Design

Border Areas	Division	Districts with border	Districts without border
Yes	Sylhet	4	0
	Rangpur	6	2
	Rajshahi	4	4
	Mymensingh	4	0
	Khulna	6	4
	Chittagong	7	4
	Total		31
No	Dhaka	0	13
	Barishal	0	6
Country Total		31	33



Sampling Design

Product Analysis Tool

TCCP: Tobacco Control Capacity Program
Tobacco Supply Chain in Bangladesh

ark foundation

Division	Dhaka	Barishal	Mymensingh	Chittagong	Khulna	Rajshahi	Rangpur	Sylhet
District	Dhaka	Patuakhali	Mymensingh	Comilla	Shakthira	Rajshahi	Thakurgaon	Maulavibazar
Urban			Rural			Rural Border		
Post Code	Retailer Serial	Product Serial	Product ID					

Source (Please check):
 1) Shop
 2) Ground

Type of Shop (Please check):
 1) ordinary or Departmental store
 2) Grocery store
 3) Tea stall
 4) Others (Please Mention)

Type of tobacco product:
 Cigarettes
 Chewing tobacco

Date of Pack Collection:

Shop Name:

TCCP: Tobacco Control Capacity Program
Tobacco Supply Chain in Bangladesh

ark foundation

Division	District	Urban / Rural (border)	Post Code	Retailer	Final ID
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Source: (Please check)
 1) Shop
 2) Ground

Type of Shop (Please check):
 1) ordinary or Departmental store
 2) Grocery store
 3) Tea stall
 4) Others (Please Mention)

Type of tobacco product:
 Cigarettes
 Chewing tobacco

Date of Pack Collection:

Shop Name:

Retailer Interview Tool

Boarder Status	No Border Area		Have Border Area					Method	
Stage - One (Division)									
8 Divisions	Dhaka	Barishal	Sylhet	Mymensingh	Rajshahi	Rangpur	Chittagong	Khulna	All Covered
Stage - Two (District)									
8 Districts	Dhaka	Patuakhali	Maulavibazar	Mymensingh	Nawabganj	Thakurgaon	Comilla	Satkhira	Simple Random Sampling
Stage - Three (Sub - District)									
5 UPCs form Each District Covering City Corporation/Metropolitan Area/Municipality Area (Paurasava)	Badda (1212)	Galachipa (8640)	Maulavibazar Sadar (3200)	Kawatkhali (2201)	Nachol (6310)	Thakurgaon Sadar (5100)	Chauddogram (3550)	Satkhira Sadar (9400)	Simple Random Sampling
	Mirpur (1216)	Patuakhali Sadar (8600)	Baralekha (3250)	Trishal (2220)	Rohanpur (6320)	Pirganj (5110)	Daudkandi (3516)	Kalaroa (9410)	
	Dhaka GPO (1000)	Dumkee (8602)	Kamalganj (3220)	Mymensingh Sadar (2200)	Shibganj (6340)	Ranisankail (5120)	Chandina (3510)	Kaliganj (9440)	
	Khilgaon (1219)	Bauphal (8620)	Kulaura (3230)	Bhaluka (2240)	Nawabganj Sadar (6300)	Ruheha (5103)	Comilla Sadar (3500)	Ashashuni (9460)	
	Mohammadpur (1207)	Khepupara (8650)	Srimangal (3210)	Gouripur (2270)	Bholahat (6330)	Thakurgaon Road (5101)	Laksam (3570)	Nakipur (9450)	
5 RPCs/BPCS form Each District Situated in different Sub Districts (Outside City Corporation/ Metropolitan Area/City Corporation (Paurasava))	Amin Bazar (1348)	Dashmina (8630)	Purba Juri (3251)	Dhobaura (2416)	Gomashtapur (6321)	Lahiri (5141)	Moynamoti Bazar (3521)	Gurugram (9431)	Simple Random Sampling
	Shimulia (1345)	Kalia (8624)	Dhakhkhinbag (3252)	Sakoal (2517)	Manaksha (6342)	Paria (5140)	Rajapur (3520)	Debhata Upazila (9430)	
	Dairy Firm (1341)	Birpasha (8622)	Shamshenagar (3223)	Sohagi (2281)	Rajarampur (6301)	Shibganj (5102)	Batasa (3551)	Chandanpur (9415)	
	EPZ (1349)	Bagabandar (8621)	Prithimpasha (3233)	Haluaghat (2260)	Kansart (6341)	Jibanpur (5130)	Chiora (3552)	Jhaudanga (9412)	
	Rajphulbaria (1347)	Mohipur (8651)	Kalighat (3212)	Dhara (2261)	Ramchandrapur (6302)	Nekmarad (5121)	Brahmanpara (3526)	Hamidpur (9413)	

80 Areas: 40 Urban and 40 Rural

10 Enumerators

1 Field Supervisor

1 Research Fellow

5 Teams: 2 Enumerators in Each

Team Design

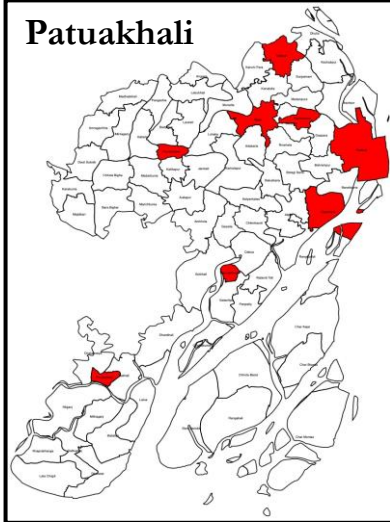


Pack Collection Sites

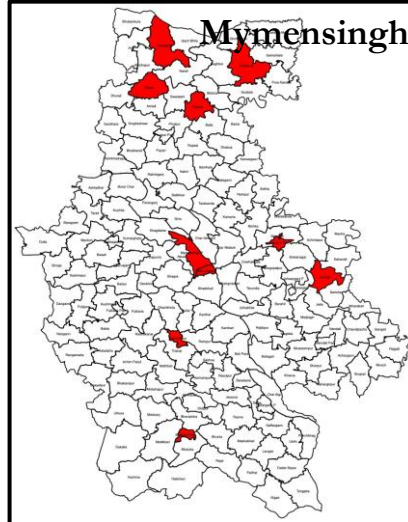
Dhaka



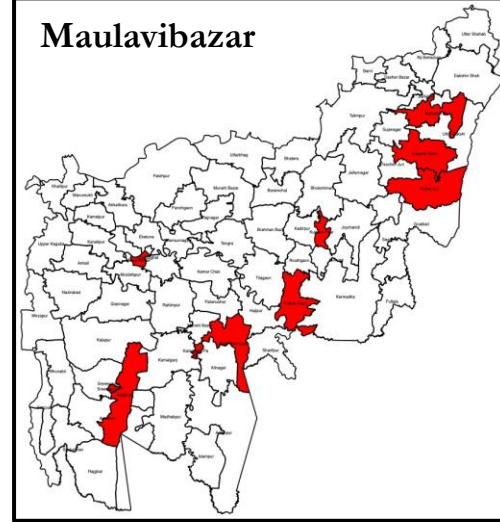
Patuakhali



Mymensingh



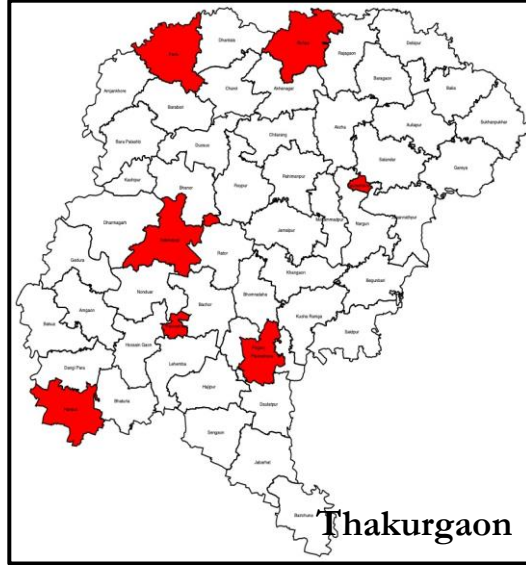
Maulavibazar



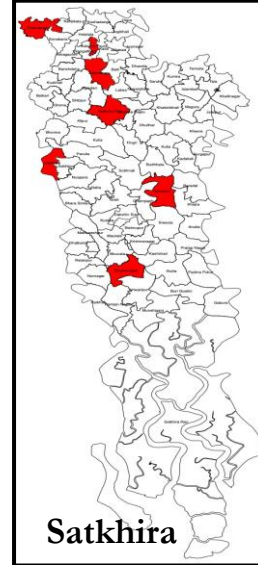
Comilla



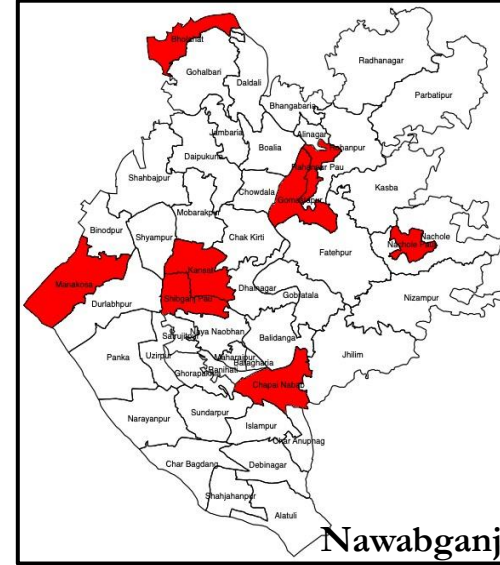
Thakurgaon



Satkhira

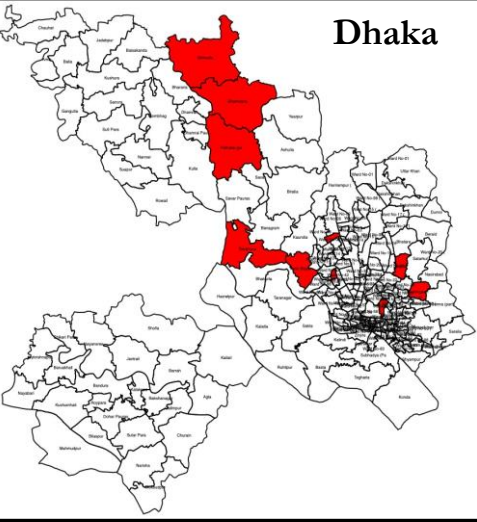


Nawabganj

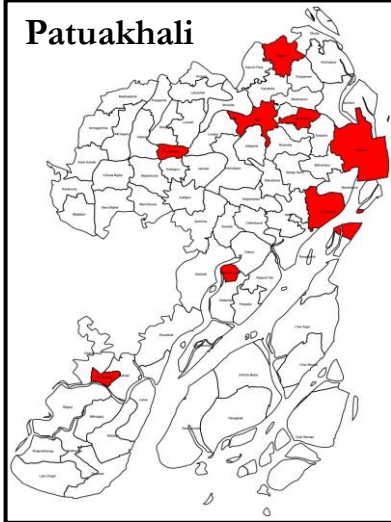


Pack Collection Sites

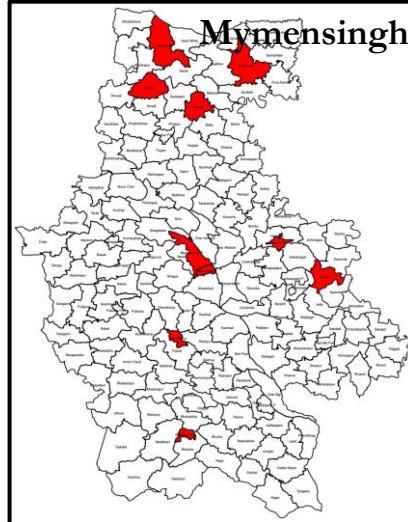
Dhaka



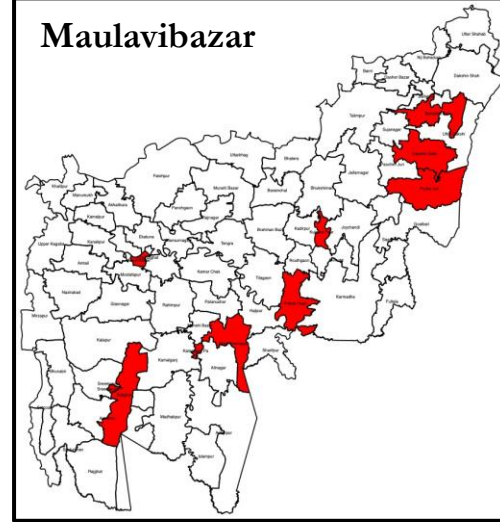
Patuakhali



Mymensingh



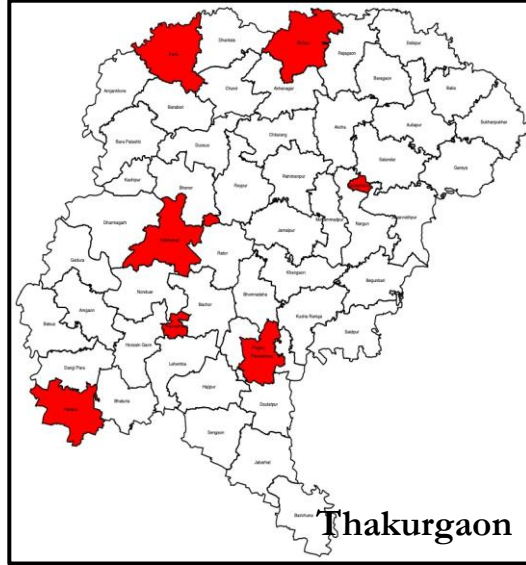
Maulavibazar



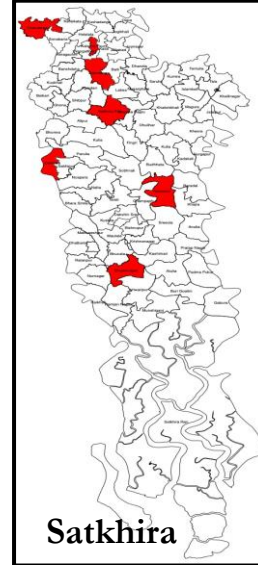
Comilla



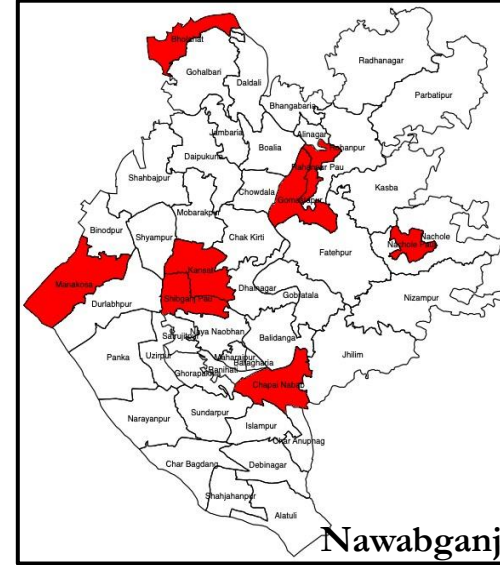
Thakurgaon



Satkhira



Nawabganj



Reflections

Challenges:

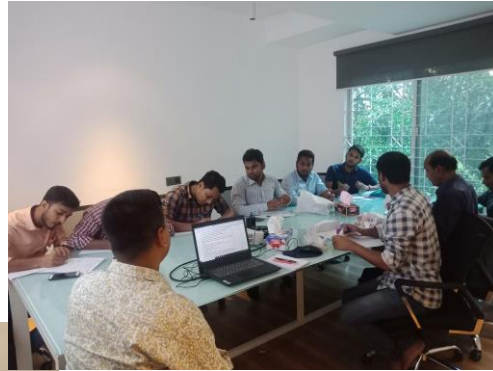
- Travel Intensive and Supervising a Large Team
- Carrying back and Preserving Large Number of Bags in research Office
- Learning the Retailers to Preserve the Empty Packs (Not Removing Tax Stamp Completely)

Future Research:


- Collecting Intact Packs and Analyze them (Cost of Research will Increase)
- Collecting Packs from Smokers (Loose Selling is Prevalent, which needs to be considered)



Behind the Screen



Ethics and Protocol Paper



বাংলাদেশ চিকিৎসা গবেষণা পরিষদ
Bangladesh Medical Research Council

Ref: BMRC/NREC/2016-2019/344 Date: 18/11/2019

National Research Ethics Committee

Registration Number: 241 05 08 2019

Principal Investigator:
Dr. Rumana Huque
Executive Director
ARK Foundation
Road # 109, House # 6
Gulshan # 2, Dhaka-1212


Title of the Project:
"The extent of illicit cigarette consumption in Bangladesh: A supply chain analysis"

Duration of Project: 12 months

Budget: BDT- 10,17,000.00/-
In words: Ten Lac Seventeen Thousand Taka Only.

Subject: Ethical Clearance

With reference to your application on the above subject, this is to inform you that above mentioned Research Title has been registered and approved by the National Research Ethics Committee (NREC).


(Dr. Mahmood-uz-jahan)
Director

BMRC Bhaban, Mohakhali, Dhaka-1212, Bangladesh.



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Open Access Protocol

Estimating the Magnitude of Illicit Cigarette Trade in Bangladesh: Protocol for a Mixed-Methods Study

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Abstract

The illicit tobacco trade undermines the effectiveness of tobacco tax policies; increases the availability of cheap cigarettes, which, in turn, increases tobacco use and tobacco related deaths; and causes huge revenue losses to governments. There is limited evidence on the extent of illicit tobacco trade particularly cigarettes in Bangladesh. The paper presents the protocol for a mixed-methods study to estimate the extent of illicit cigarette trade in Bangladesh. The study will address three research questions: (a) What proportion of cigarettes sold as retail are illicit? (b) What are the common types of tax avoidance and tax evasion? (c) Can pack examination from the trash recycle market be considered as a new method to assess illicit trade in comparison to that from



Pack Collection Summary

Land Border Status	Division	District	Number of Empty		Number of Reatilers Approached	Number of Reatilers Participated	Response Rate (%)
			Reatil Shop	Littered			
No	Dhaka	Dhaka	2,607	144	180	148	82.22
	Barishal	Patuakhali	3,500	158	218	194	88.99
Yes	Rajshahi	Nawabganj	3,063	134	190	166	87.37
	Chittagong	Comilla	2,861	132	192	162	84.38
	Khulna	Satkhira	3,183	147	188	171	90.96
	Mymensingh	Mymensingh	2,191	135	187	156	83.42
	Rangpur	Thakurgaon	3,208	156	185	173	93.51
	Sylhet	Maulavibazar	2,594	150	196	169	86.22
Total			23,207	1156	1536	1339	87.17



Pack Features	Cigarette Pack Source	
	Reatil Shop	Littered
Country of Origin		
Bangladesh	23,131 (99.67)	1152 (99.65)
Others	76 (0.33)	4 (0.35)
Affixed Tax Stamp/Banderole (Yes)	23,107 (99.57)	1,146 (99.13)
Appropriateness of Tax Stamp or Banderole		
Valid	20,562 (88.99)	925 (80.72)
Invalid	1,108 (4.80)	78 (6.81)
Removed	1,437 (6.22)	143 (12.48)

Note: 1. Tax Stamps were "Invalid" if they didn't contain the legitimate Watermark or Luminescent Conetnt that glows under Ultra Violet (UV) light. 2. The "Removed" category for Cigarette Pack Tax Stamp includes those for which the stamp is removed or teared unintentionally while opening the pack by retailer while selling or smoker.



Share of Illicit Cigarette and it's Pattern

Themes for Illicit Products	Estimate of Illicit for Cigarette							
	Retail Shop				Littered			
	Packs	Illicit Percentage	95% CI		Packs	Illicit Percentage	95% CI	
(a) Missing MRP	69	0.0030	0.0023	0.0038	4	0.0035	0.0009	0.0088
(b) Missing Sale Statement	151	0.0065	0.0055	0.0076	6	0.0052	0.0019	0.0113
(c) Presence of Duty Free Sign	3	0.0001	0.0000	0.0004	0	0.0000	0.0000	0.0031*
(d) Illegitimate Practice for PHW	111	0.0048	0.0039	0.0058	7	0.0078	0.0036	0.0147
(e) Illegitimate Practice for THW	77	0.0033	0.0026	0.0041	4	0.0035	0.0009	0.0088
(f) Illegitimate Practice for Tax Stamp	1,208	0.0521	0.0492	0.0550	88	0.0761	0.0615	0.0929
Overall Estimate (Packs that have at least one of the attributes listed from (a) to (f))	1,269	0.0547	0.0518	0.0577	94	0.0813	0.0662	0.0986

Note: 1. If any Pack has at least one of the characteristics defined as "No PHW, Covering less than 50% of PDA, PHW not appearing both side of Pack, Contains PHW not recommended by NTCC, PHW not colorful, Inappropriate Quality of PHW, PHW covering Tax Stamp or Banderole" then it will considered as Illegitimate Practice for PHW. 2. If any Pack has at least one of the characteristics defined as "No THW, THW Not Written in Bengali, THW not printed in White on Black Background and Inappropriate PHW to THW Ratio" then it will considered as Illegitimate Practice for THW. 3. If any Pack has at least one of the characteristics defined as "No Tax Stamp or Banderole and Invalid Tax Stamp or Banderole Affixed" then it will considered as Illegitimate Practice for Tax Stamp or Banderole. 4. (*) one-sided, 97.5% confidence interval

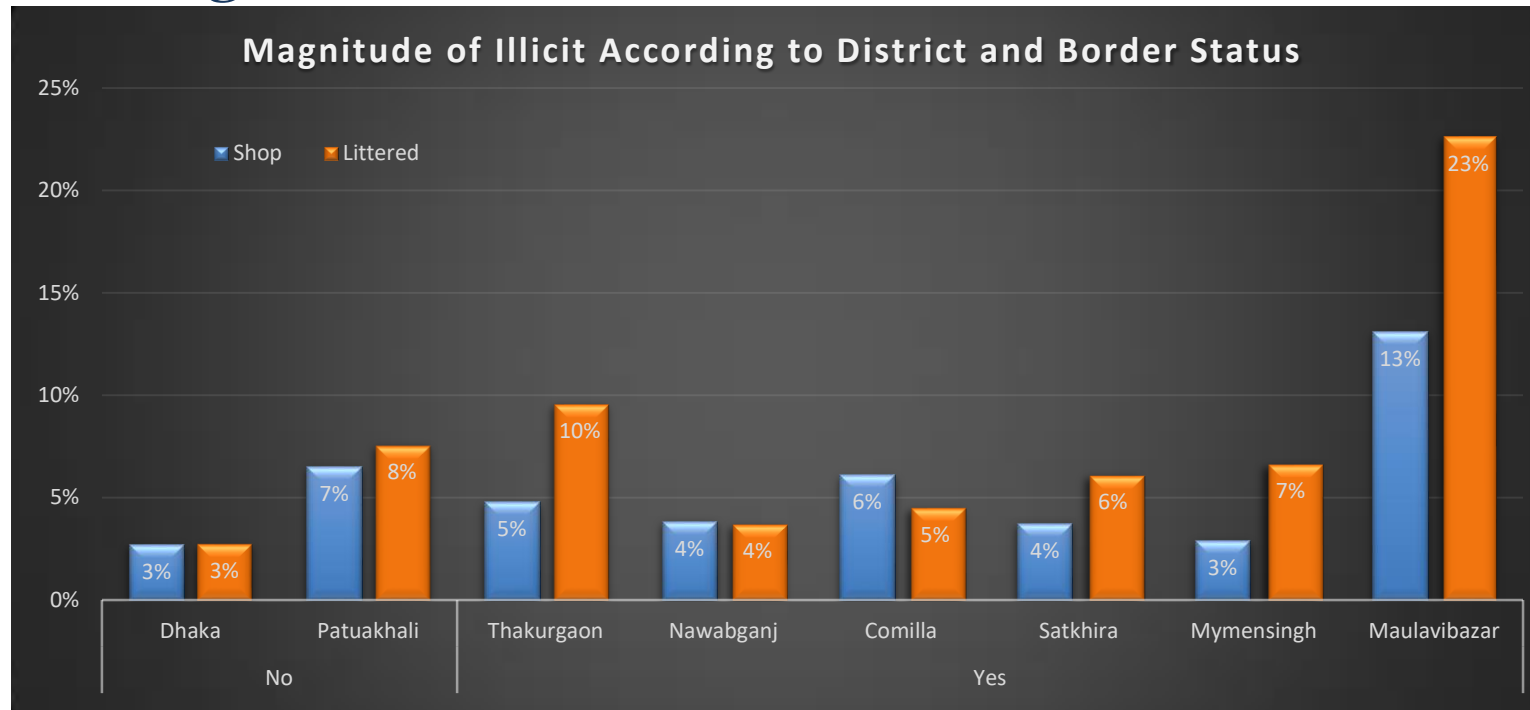


Key Issues to Consider

- Loose selling or single sticks selling of cigarette is highly prevalent
- Share of cigarettes with different country of origin in the market is negligible
- “Low” and “Medium” - this two price segment dominates the market.
- 99.57% of reatil packs and 99.13% littered packs have Tax Stamp Affixed.
- 4.80% of retail packs and 6.81% of littered packs have “invalid” Tax Stamp.
- Share of illicit packs considering the criteria related to MRP and Sale Disclosure, Duty Free Sign, PHW and THW is negligible (less than 1%).
- The main illicit feature of cigarette packs is related to “Tax Stamp”, however the magnitude is small in practical.
- 5.2% of reatil packs and 7.6% of littered packs had no or illegitimate practice related to “Tax Stamp”.



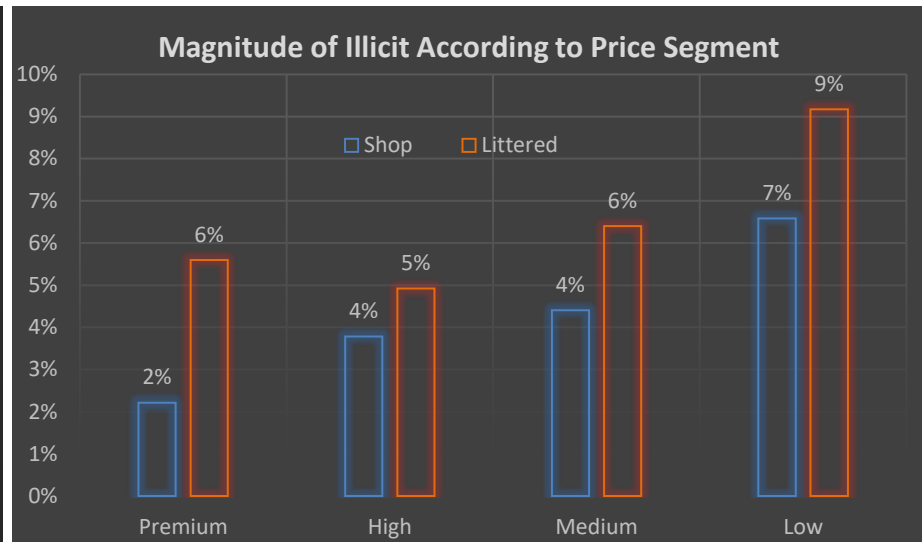
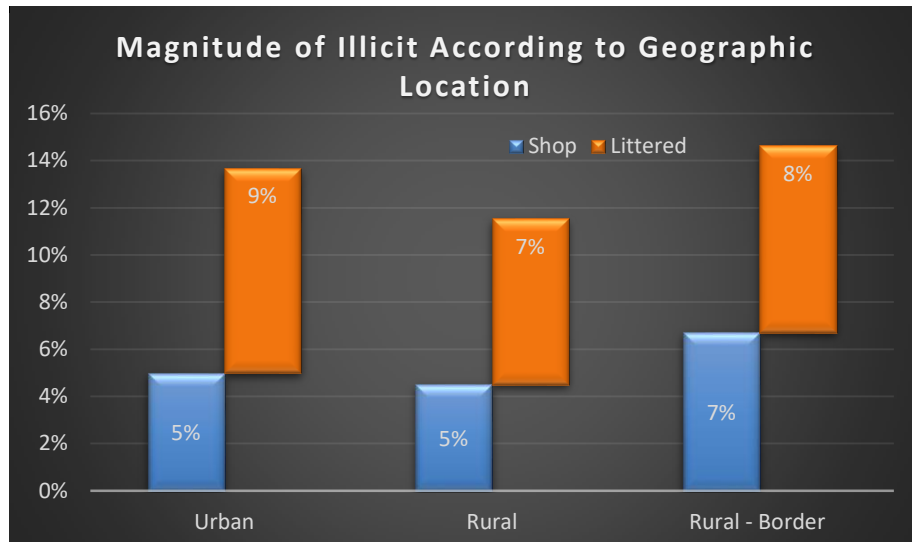
Magnitude of Illicit: District and Border Status



- Overall magnitude of illicit cigarette sold as retail in Bangladesh is 5.4% (Retail Packs) and 8.1% (Littered Packs).
- Regardless bordering status out of 8 administrative districts 5 has share of illicit well below 5% sold in retail shops.
- The estimation was largely same while it was done using the littered packs.
- For two administrative districts namely Maulavibazar and Thakurgaon share of illicit in littered packs was 23% and 10% respectively.



Magnitude of Illicit: Geographic Location and Price Segment



- There was no considerable difference in the magnitude of illicit in urban and rural areas.
- In rural areas adjacent to border the magnitude of illicit was 8% and 7% respectively for littered packs and packs from retail shops.
- Share of illicit is higher in “low” price segment compared to the other.



Conclusion

- Cigarette Market in Bangladesh is dominated by local production.
- Considering foreign illegal products and as well as local products with illegal practices the share of illicit cigarette in the market is only 5.4%.
- Most of the illegal practices in domestic cigarette is related to the “illegitimate practice” related to “tax stamp”.
- The magnitude of illicit production is possible to further reduce and bring it to negligible level by introducing and implementing effective ”tracking and tracing system”.
- The threats generally forwarded by “Tobacco Industry” with regards to increase in “Illicit Trade” in response to increase in “Tobacco Tax” is not a credible one.
- Illicit Trade is more of a “Governance Related Phenomena” than its relation with





Tobacco Control Capacity Programme

Stakeholder Engagement Meeting | 26 December 2021

“If you don’t heal what hurt you, you’ll bleed on people who didn’t cut you”

Thanks for

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